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著者 (英)	Arie Kazumi
journal or publication title	Global studies
number	2
page range	85-99
year	2018-03-01
URL	<a href="http://id.nii.ac.jp/1419/00000866/">http://id.nii.ac.jp/1419/00000866/</a>

[研究論文]

# **The Sustainable Development of the Hong Kong Economy :**

## **A case study of the Film Industry**

香港経済の持続可能な発展：香港映画産業のケーススタディ

Kazumi Arie

### **Abstract**

Hong Kong was a crown colony of Britain for 150 years. As China and Britain started the negotiation about the handover of Hong Kong to mainland China, many impacts of the socio-political changes became visible in the Hong Kong industry. Hong Kong was to be called the Hong Kong Special Administrative Region (SAR) of China after its return to China in 1997, under the policy of “one country, two systems”, and the relationship with China became the central factor in Hong Kong cinema after the handover.

The Closer Economic Partnership Agreement (CEPA) was implemented in 2004 to increase the flow of money between Hong Kong SAR and mainland China, and the increasing number of Hong Kong-China co-produced films have been successful in terms of box-office revenue.

Thus, Hong Kong’s film industry has been important not only politically but also for Hong Kong’s economy, both as an industry and as an influence on tourism. It is, therefore, impossible to discuss Hong Kong without mentioning the impact of its film industry.

Today, the Hong Kong film industry has been co-producing films with mainland China to sustain their competitiveness and business leadership in this globalized world. China – the most populous country in the world – has undergone great development in the last decade. As Hong Kong producers have been able to rely on mainland funding, they have succeeded in surviving not only in the Asian market, but also in the Western market as well. In post handover era, the Hong Kong film and its industry have been changing for the past 20 years, but its sustainability should be enforced by co-producing films with mainland China.

## 1. Introduction

On July 1, 2017, the Hong Kong Special Administrative Region (SAR) celebrated the 20th anniversary of the handover to China. It was a significant moment for both local people who were happy with being ‘returned’ to China and those who were unhappy with policies introduced from the People’s Republic of China (PRC). Hong Kong has changed a great deal in twenty years, and one of the most significant changes has been in Hong Kong film, in terms of both content and industry.

Under the concept of ‘one country, two systems’, Hong Kong is promised to have a high degree of autonomy with regards to its economy, politics and culture. After two decades, the issue of whether the Chinese government will keep Hong Kong as a Special Administrative Region or govern it with the same policies as the rest of the mainland is a truly controversial one. Prior to the 20<sup>th</sup> anniversary, we witnessed events centered around the pro-democracy movement, the so-called the Umbrella Movement, and their impact on Hong Kong, China, and the perceptions of both around the world.

Hong Kong was a colony of the United Kingdom after China was defeated by the British in 1842. Under British rule, Hong Kong had been developed as a place of free trade and an international hub for importing and exporting goods. Bordwell sums up the status of Hong Kong when it was governed by the British:

Hong Kong achieved its success under colonial rule. It was run by a British governor, advised by the influential businessmen and lawyers whom he appointed to be an executive council and a legislative council. Paternalistic though it was, the arrangement gave Hong Kong a degree of freedom unknown on the mainland. There was a rule of law (traditional, not well-rooted in Chinese history), citizens’ individual rights were protected, and people enjoyed freedom of speech, of the press, and of associations. (Bordwell, 2000:28-9).

The film industry in Hong Kong is one of the largest and most successful cultural exports from Hong Kong to the rest of the world. It has long been regarded as the place where the West and East meet, and has even earned the title ‘Hollywood of the East.’ Audiences in mainland China and Taiwan have enjoyed Hong Kong films, which are available in Mandarin as well as Cantonese, and they are also popular in other Southeast Asian countries. It is, therefore, impossible to discuss Hong Kong without mentioning the impact of its film industry. Hong Kong’s film industry has been important not only politically but also for Hong Kong’s economy, both as an industry and an influence on tourism. This thesis will examine what has changed in the industry since 1 July 1997, and whether the handover has had a positive impact on its sustainability.

Despite the policies outlined in the Sino-British Joint Declaration, which stipulated that Hong Kong would operate with a high degree of autonomy until 2047, a number of

interventions by the Chinese authorities in Hong Kong's affairs have made it evident that there is not as much autonomy as the slogan 'one country, two systems' would suggest. The film industry in Hong Kong has faced serious external challenges under Chinese sovereignty. On the other hand, cultural exchange within the film industry is another reflection of the impact of the handover. In the post-handover era, Hong Kong – mainland co-production films became the mainstream of Hong Kong film, and China is now the second largest economy in the world. With this in mind, this paper addresses the question, "How can the Hong Kong film industry sustain its competitiveness and business leadership?" and can be considered a case study of the Hong Kong film business after 1997.

The first part of this paper will look briefly at the background of Hong Kong to understand the history of the former British colony. The second part will examine the post-Handover era to discuss the significant political and cultural impact of Hong Kong's reunification with China. Finally, it will discuss whether partnership with China is a solution for the sustainable development of the Hong Kong film industry.

## **2. Historic Background of Hong Kong and its Film Industry Prior to Handover**

Hong Kong has been a Special Administrative Region of the People's Republic of China since 1 July 1997, when 155 years of British rule ended. Located on China's south coast, Hong Kong was a part of China before occupation by the British in 1841. After defeating the Chinese in the First Opium War British declared, Hong Kong Island a British Colony in 1842. In 1860, after China's defeat in the Second Opium War the Kowloon Peninsula was ceded to Britain under the Convention of Peking. In 1898 the British obtained a 99 year lease of Lantau Island and the adjacent northern lands, which became known as the New Territories. After 95 years of British rule, Britain was obligated to return the New Territories to China (Stokes,2007:xxi). The Chinese Civil War (1927-49) between the People's Liberation Army and the Kuomintang Party resulted in a large number of refugees fleeing to Hong Kong. This included filmmakers from Shanghai who wanted to take advantage of the financial and trading prospects and began shooting both Mandarin and Cantonese films in Hong Kong (Stokes,2007:xxiii). When the Sino- Japanese War broke out 1937, film studios in Shanghai closed down and also turned their sights towards the bright lights of Hong Kong (Stokes,2007:xxii).

One of the first companies to make films in Hong Kong was the Chinese company, Xinhua, which shot films in Mandarin despite Cantonese being the main dialect spoken in South China. From the beginning, the Mandarin films from Hong Kong were aimed at not only the Hong Kong market but also towards the Chinese diaspora in Southeast Asia, Europe and the United States (Vick, 2008:118). Much later around 1970, as films adopted

elements that were more in tune with Cantonese rather than Mandarin culture, this eventually resulted in films solely being produced in Cantonese, which marked the start of Hong Kong Cantonese cinema.

The refugees who escaped from Japanese occupation and the Civil War in the 1940s came to be regarded as Hong Kongers who were clearly distinguishable from the mainland Chinese largely due to the fact that they had been living under British rule and had acquired elements of British culture through, for example, the education system (Lau, 1997:3). As a British colony, Hong Kong had established a strong regional Cantonese culture, a sense of democracy, and a great sense of being different from mainland China.

During the 155 years of British control, Hong Kong had developed as an international hub of trade where the East and West would meet, while neighbouring China's closed-door policy and the Cultural Revolution (1966-76) greatly delayed any economic development there. In 1984, the two nations announced the Sino-British Joint Declaration, stating that Hong Kong would be handed over to China on 1 July 1997. The Chinese Communist Party's then-leader, Deng Xiaoping, introduced the new open door policy of mainland China to the world and promised to implement a 'one country, two systems' policy in Hong Kong from 1997. Under this policy, Hong Kong would remain free from the control of the Communist Party of mainland China and keep its sociopolitical system for the next 50 years. Hong Kong would return to the People's Republic of China (PRC) in 1997 as a 'Special Administrative Region'. In other words, two different forms of politics and economy would co-exist in China once Britain returned Hong Kong. Yeh explains that the basic law of the Hong Kong SAR, prepared and enacted by the National People's Congress (NPC), was to protect Hong Kong autonomy in domestic affairs after 1 July 1997 (Yeh, 1994:261). He adds that:

the Hong Kong SAR will be governed by an authority mainly consisting of local inhabitants. It will possess its own executive, legislative and independent judicial power, including its own court of appeal. China will assume responsibility for Hong Kong's defense and foreign affairs, while the local government will be in charge of public order. Hong Kong will continue to decide its own economy and policies and maintain its existing capitalistic system (Yeh, 1994:261).

Despite promises that Hong Kong would remain unchanged for the next 50 years, society remained anxious and uncertain about the future. Suffering a sense of loss, insecurity and an identity which was neither Chinese nor British, many people began to feel abandoned by the British government who had governed Hong Kong for the last 155 years. During this time, the people in Hong Kong had created an identity as Hong Kongers, which was distinctive from the people from the mainland. China was one of their neighbouring countries. Although Hong Kong was essentially a Chinese society, Hong Kongers did not have an identity as Chinese because they received the British styled education (Lau, 1997: 3).

During negotiations of the handover between the British and the Chinese governments,

filmmakers in Hong Kong grew anxious as to what impact it would have on the industry. Post-handover, many filmmakers from Hong Kong left for Hollywood to continue making films, which has in part contributed to the success of transnational Chinese films in the United States. During this period, many 'New Wave' directors succeeded in producing nostalgic films about the old colonial Hong Kong. Simultaneously, many filmmakers migrated to the U.S, anxious over the changes that would impact Hong Kong and ultimately the film industry. Such significant sociopolitical changes helped to shape today's transnational Chinese films, involving cooperation not only between Hong Kong and the mainland, but also among other Asian countries.

As I have mentioned above, the Chinese company, Xinhua, was one of the first companies to make films in Hong Kong. Later, Raymond Chow, the founder of Golden Harvest, focused on the Kung Fu genre for the international market since the company was started in the early 1970s. This decade saw the success of the Bruce Lee and Jackie Chan films, which unquestionably opened new doors to the Western market and simultaneously raised the profile of the Hong Kong film industry (Lent, 1990:100). Golden Harvest is also credited for turning action film star Jackie Chan into a local and global superstar, who has since gained the title of the most famous Asian actor. Their films are still popular and have attracted audiences not only in Chinese-speaking countries but also all around the world.

### 3. The Handover: Cultural and Economic Adjustments

One of the main concerns of filmmakers after the handover was the issue of censorship in film, particularly given China's reputation for strictly censoring the contents of Chinese films in the mainland. During the cultural revolution Chairman Mao Tse-Tung's Communist Party enforced his strong ideals over China and banned any kind of cultural activities apart from those intended as tools of propaganda. In the years after the end of the Cultural Revolution, China has sometimes banned showing award-winning Chinese films. This was just the case when films *Farewell My Concubine* (1993) and *To Live* (1994) – from two of the most famous Fifth Generation directors, Zhang Yi-Mou and Chen Kaige, were banned from being shown in China due to their references to the Cultural Revolution, despite winning coveted awards at the Berlin and Cannes International Film Festivals (Vick, 2008:7).

In view of this, it is imperative to understand how the Chinese government censors Chinese films in the mainland to know what impact it will have on films made in Hong Kong.

Debating the issue of freedom of speech in Hong Kong, Wah, (1995) expresses doubts over the level of truth involved in the law under the 'one country, two systems' policy. He argues that "although the Chinese officials and their propaganda machinery in Hong Kong

had publicly tried to assure the journalistic profession and the people in Hong Kong that press freedom is well protected by the Basic Law, the message revealed was more worrisome than assured” (Wah, 1995:369-470). Wah points out that while it is true that Article 27 of the Basic Law stipulates “Hong Kong residents shall have freedom of speech” and “[freedom] of press has ever been enshrined in the constitutional documents in Hong Kong, in reality, the concepts of ‘press freedom’ seems to have been given a new interpretation under the principle of ‘one country, two systems’” (Wah, 1995: 369-470).

It was not surprising, then, when many Hong Kong filmmakers – anxious that the Chinese Communist Party would set up the same censorship system in Hong Kong – left for Hollywood in search of a safer place to produce and distribute their films. It was a natural transition for Hong Kong filmmakers, who, having witnessed the strict censorship under the Chinese government, wanted to relocate to a place where they could produce films without being governed by Communist rule. Actors such as Chow Yun Fat, Jackie Chan, and Michelle Yeoh and directors such as John Woo left for Hollywood in the 1990s, where their film styles have since had an impact on Western directors in Hollywood. After directing *Hard Boiled* (1992), John Woo left Hong Kong for Hollywood in order to build an international career. This later paved the way for Chow Yun Fat – his leading actor from *Hard Boiled* – to follow and launch his Hollywood career.

Others who also made the transition included Peter Chan, Sammo Hung, Ringo Lam, Ling-Tung, Stanley Tong, Tsui Hark and Yuen Woo-Ping (Zhang, 2004:268). These directors eventually became well recognised worldwide due to the success of the transnational Chinese films which were produced after the handover. For example, Yuen Woo-Ping became a pioneer of directing the traditional Chinese martial arts action in Hollywood where his most recognised work was for the blockbuster *The Matrix* (1999). *Crouching Tiger, Hidden Dragon* (2000) showcased a new era of Chinese films, which crossed the borders between East and West. Directed by Taiwanese-American Ang Lee and starring Chinese actress Zhang Zhi Yi, Malaysian actress Michelle Yeoh, and Hong Kong actor Chow Yun Fat, *Crouching Tiger, Hidden Dragon* is the most significant example of a pan-Pacific film which was shot, distributed and marketed by an American company in the United States.

The Hong Kong comedy genre, complete with dialogue containing Cantonese slang and elements of local life, has always been popular and consistently ranks in the top ten at the local box office (Chu, 2003:68). Chu notes how the popularity of the Hong Kong comedy genre in a way reflected Hong Kong’s desire to keep Hong Kong as Hong Kong, clearly distinguishing itself from mainland China by its constant use of Cantonese slang words.

The most remarkable evidence of this tendency is that the popular comedian Stephen Chow (also known as Stephen Chiau or Zhou Xingchi) starred in a number of films during the 1990s. Chow’s films were made from a Hong Kong perspective and his revenues contributed to the peak of the Hong Kong film industry. Chu states that the genre’s success

could have been a way of dealing with the anxiety over an uncertain future for Hong Kong (Chu, 2003:68). Even as Hong Kong films continued to peak in the 1990s, directors could not escape stories of the strict censorship law in China

In 1988, a new rating system was introduced in Hong Kong, where films were given a rating based on their audience suitability. As Zhang explains, “the 1988 film censorship ordinance endorses a ratings system whereby Category 1 denotes films suitable for all, Category 2 is unsuitable for children, and Category 3 is forbidden to viewers under 18 years of age” (Zhang, 2004:264). Teo further elaborates on the three-tier system, describing how it emerged due to the new genre of soft-core pornographic films (Category 3), which was reserved for adults over the age of 18 (Teo, 1997:244). Teo adds that, “Category 3 films have now become such a commercial proposition that producers, distributors and exhibitors have chosen to specialise in them as a genre. Actresses such as Veronica Yip have come up through the ranks of Category 3 films to mainstream respectability. In political terms, however, the new censorship ordinance retained a clause to ban films that were judged to be politically sensitive and ‘prejudicial to good relations with neighbouring countries’” (Teo, 1997:244). According to Chu, the president of the Hong Kong Film Directors Association, Ng See Yuen, asked the Chinese government if they could apply the ‘one country, two systems’ policy to the Hong Kong film industry. The director of Hong Kong and Macau Affairs Office of China’s State Council was told that the freedom of expression in Hong Kong films would be secured even under the communist regime after 1997. This meant that the Hong Kong film industry was able to continue making Category 3 films or even Category 4 or 5 films (Chu: 2003:122-3).

However, 20 years later, Category 3 films have almost disappeared and are produced less frequently in Hong Kong even though freedom of speech is still ostensibly secure under the ‘one country, two systems’ policy. Tierney suggests the reason for this tendency is as follows: “Today, filmmakers are still free to produce any film they like, including those about ‘prohibited’ subjects. However, they do so knowing that the film cannot and will not play in China. This is not, strictly speaking, censorship; it’s financial incentive. If you want to reach 1.6 billion people, you might want to avoid sensitive topics” (Tierney, 2017).

As mentioned earlier, the 1980s was undoubtedly the ‘golden era’ for the Hong Kong film industry, but in the late 1990s after the handover, Hong Kong – like many other countries in Southeast Asia – was hit hard by the Asian financial crisis. The snowball effect of the crisis eventually hit the film industry where, according to Zhang, even Golden Harvest, one of Hong Kong’s biggest film distribution companies, experienced a US\$6 million loss in the first half of 1998 only (Zhang, 2004:262). Hong Kong films, which once ranked in the top ten earners, particularly with the Kung Fu and action genre, had also slid into decline. American blockbusters had overtaken locally made Hong Kong films as the top box office sellers. Steven Spielberg’s *Jurassic Park* (1993) not only gained 73% of the Hong



Kong's box office revenue that year, but it was also the first time that the Hong Kong film market had been threatened by a Western production (Zhang, 2004:261). Teo highlights how the rising cost of ticket fees to renovate cinemas also affected box office revenue in Hong Kong (Teo, 1997:253).

Recognising the economic potential, the Hong Kong government set about building a relationship with the Hong Kong film industry. Chu highlights how certain divisions, such as the Television and Entertainment Licensing Authority (TELA), the Police Public Relations Branch and the Broadcasting, Culture and Sport Branch held regular meetings with representative bodies and associations from the film industry that needed assistance (Chu, 2003:57). Chu adds, the government started to host the annual International Film Market in 1997 (Chu, 2003:57). The Film Service Office (FSO) was also established by TELA to implement the policy initiatives announced by the chief executive in 1997 to promote the Hong Kong film industry (Stokes, 2007: xxvi).

Despite a large number of Hong Kong filmmakers leaving prior to the handover, not everyone took a pessimistic view of Hong Kong's new era under a Communist regime. On the contrary, some actually regarded the handover as an opportunity to innovate in the profitable Chinese market in the mainland. Curtin (2007) refers to the example of film company Media Asia, which was founded in 1994 during the time of transition. Seeing a positive side to the change, Media Asia saw great potential in the Chinese market given that it was one of the world's most populous countries. "Media Asia was the first among the Hong Kong studios to set up a multipicture development fund that established a revolving pool of financing that could be deployed over a five-year period to launch the studio's core project" (Curtin, 2007:259).

Chung understood how important it was for the marketplace to exist in a globalised era:

In the old days, people would simply produce a film and let go of it to the presale market. From 1997 onwards, I wanted to produce a better quality movie and take control of the destiny of our films in the Asian marketplace. I wanted to set up distribution offices so that we could take control of what the movie poster would look like, to determine which screens we would release to, and to decide when and how we would release it to video. We wanted to refine the process from the ground up (in Curtin, 2007:259).

Media Asia hired many Chinese actors who spoke both fluent Cantonese and English in order to attract not only the Hong Kong Chinese but also an international audience. Examples include Canadian-born Chinese actors Edison Chen and Nicolas Tse who both became well known names post handover (Curtin, 2007:261).

The strategy clearly paid off, not only for Media Asia but also for the rest of the Hong Kong film industry, which had once again regained its status. The trilogy of *Infernal Affairs*

(2002, 2003) starring popular actors Andy Lau and Tony Leung, took in over \$HK55 million at the Hong Kong box office. By including actors like Edison Chen, Shawn Yue and Kelly Chen, *Infernal Affairs* succeeded in raising revenues at the box office throughout the Far East.

Analysing the film, Ciecko states that, “*Infernal Affairs* offers one model of contemporary Hong Kong cinema that aims to please audiences at home and internationally. The film was made by the production and distribution company Media Asia, that has been active in pursuing regional partnership and co-production arrangements with Taiwan, Japan, Singapore, and mainland China” (Ciecko, 2006:173). Curtin also praises the contribution of Media Asia in overcoming the decline of the Hong Kong film industry and particularly hailed the success of *Infernal Affairs* as one of the key factors (Curtin, 2007:262). In addition to being well-received in other Southeast Asian countries, *Infernal Affairs* made an impact in Hollywood. American actor Brad Pitt’s production company, Plan B Entertainment, acquired the rights for a Hollywood remake titled *The Departed* (2006). Its success was evident from the figures: the film grossed US\$26,887,467 in its opening weekend, over US\$289,835,021 worldwide and won director Martin Scorsese his long-overdue Academy Award (Curtin, 2007:262).

#### **4. China Is a Solution for the Sustainable Development of the Hong Kong Film Industry.**

One significant change that affected the industry after 1997, was that Hong Kong cinema had no choice but to enter the era of transnational films. Producing transnational films however, proved to be a favourable step for the Hong Kong film industry, as it could not have been successful had it not considered the importance of the foreign market. Co-production among Asian countries was on the increase, particularly in the case of mainland China, Taiwan and Hong Kong, who shared a similar culture, spoke a similar language and shared a taste for similar types of popular entertainment.

In 1998, Media Asia produced *Initial D*, which was based on the Japanese *manga* comics and starred a number of transnational actors from Canada, Hong Kong, Taiwan, and mainland China. The *anime* series was shot in Japan and took not only HK\$ 7 million in Hong Kong but also HK\$ 16 in mainland China (Curtin, 2007:263).

With co-production of transnational films now the norm in the Hong Kong film industry, its economic potential was a factor that was very clearly recognised in Hong Kong as well as in the mainland. It can be regarded that the ‘one country, two systems’ policy of Hong Kong was implemented by the Chinese Communist Party to benefit from Hong Kong’s free economic system. Hong Kong’s hand-over to mainland China was a great opportunity for China’s development in terms of economy, political reliability and diplomacy. When China

became a member of the World Trade Organization in 2001, it brought the country a step closer to regaining trust from the West. According to Chan et al (2010), “An important change in attitude came about in 2001, with the country’s entry into the World Trade Organization: China had to relax restrictions on foreign investment and allow foreign investors to participate in equity joint ventures” (op. cit., 2010: 66). China strongly believed that Hong Kong’s free economic system would help the mainland’s economy once Hong Kong was reunited with China.

With Hong Kong once again a part of China, the country could prove more powerful in the international sphere, and has since experienced great economic progress after it reversed its closed-door policy towards foreigners. The ‘one country, two systems’ policy has enabled China to reap economic benefits from Hong Kong. Looking at the issue from this perspective, it is apparent that the implementation of the significant Closer Economic Partnership Agreement (CEPA) constituted part of a wider strategy from the Chinese government to boost and strengthen the country’s economy. The CEPA between mainland China and Hong Kong was implemented in 2003, and opened up huge markets for Hong Kong goods and services. It also greatly enhanced the already close economic co-operation and integration between the mainland and Hong Kong. Curtin describes how the CEPA “now allows the territory’s film companies’ privileged access to mainland markets by removing import quotas and fostering co-production opportunities”(Curtin,2007:251 ). The agreement also meant that Hong Kong investors could now take a 70 percent interest in PRC audiovisual companies and a 90 percent ownership share of mainland theatres. Curtin concludes that “these reforms should have a significant impact on Hong Kong studios, especially since their Hollywood counterparts don’t enjoy such access” (Curtin, 2007:251). According to Chan et al (2010:73), “Up until the signing and implementation of CEPA in 2003, non co-produced Hong Kong films had been treated as foreign films with regard to their distribution prospects in the mainland”(2010: 73). Stokes supports the claims of advantages of the CEPA, which “made co-production between mainland China and Hong Kong more possible” (Stokes, 2007:xxvii).

The introduction of the CEPA also worked to the advantage of the key players, who were able to construct new movie theatres to boost audience numbers and ticket sales. As Curtin explains, “when Golden Harvest first invested in a Shanghai multiplex in 1997, the arrangement went sour over differences with its local partner regarding box office reporting practices and film rental agreements. Other foreign investors, such as Warner Bros. and United Artist Theatres, experienced comparable problems, and as a result the emerging wave of joint-venture theatre projects suddenly began to stall in early 2002” (Curtin, 2007:251). However, the adoption of CEPA enabled Golden Harvest to take a controlling interest in mainland theatre ventures, thereby ensuring transparent management practice. Shortly after the CEPA was negotiated, Curtin reports, “Golden Harvest announced

construction on a new twelve-screen, twenty-four hundred-seat multiplex in Shenzhen and detailed plans for a chain of theatres in nearby Guangdong Province” (Curtin, 2007:251).

Chan et al (2010) have revealed the importance of the implementation of the CEPA in bringing mutual benefit to the mainland and Hong Kong in the following way, “Before the CEPA, only about 10 films were jointly produced every year, but since the signing of the CEPA the number rose to 31 in 2004, 29 in 2005, and 39 in 2006, which amounts to more than half of the total output of Hong Kong productions. The majority of high-concept big pictures produced in the mainland, i.e. those with a budget of over RMB 100 million, are co-productions with Hong Kong. In most cases, they eventually turn out to become box office champions” (2010,72-73).

Having experienced the recession in the aftermath of the Asian Financial Crisis, the Hong Kong film industry took full advantage of the market in the world’s most populous country through marketing and, with the era of transnational films, co-production between other Asian countries became the post handover norm.

It was apparent that the Chinese market was now a significant tool for the longevity of the Hong Kong film industry, and the importance of its relationship was highlighted. The Hong Kong International Film & TV Market (FILMART), which began in 1997, the year of the hand over, was organised by the Hong Kong Trade Development Council (HKTDC), to showcase all areas of cinema in Asia, including film financing, distribution, production, post-production, TV, digital entertainment, film & broadcasting equipment and shooting locations (Hong kong Filmart, n.d. ). The market is usually held during the Hong Kong International Film Festival, which is organized by the Hong Kong International Film Festival Society (HKIFFS), the HKTDC and the Hong Kong, Kowloon & New Territories Motion Picture Industry Association (MPIA). According to the website of the Hong Kong-Asia Film Financing Forum (HAF), “The HAF brings Asian filmmakers with upcoming film projects to Hong Kong for co-production ventures with top film financiers, producers, bankers, distributors and buyers. Attracting more than 1,000 filmmakers and financiers from at least 35 countries and regions, around 25 to 30 projects are selected annually to participate in the three-day event.” (HAF, n.d.).

Regardless of these government funded organizations and the state of the current Hong Kong film industry, Hong Kong films are still the most important tool for the Hong Kong SAR government to promote Hong Kong to an international market. The number of tourists that flock to Hong Kong each year to visit the setting of their favourite Bruce Lee or Jackie Chan film is testament to the importance of cultivating a global audience for Hong Kong films. In 2004, the Hong Kong government took this on board when they used the film industry to promote tourism. The Avenue of Stars was established by the New World Group with the co-operation of the Tourism Commission, the Hong Kong Tourist Board, the Leisure and Cultural Services Department, and the HKFAA. As cited on the official website,

the aim was “to envision a spectacular and integrated leisure experience of an enlivened waterfront, with tributes paid to local film industry hence tourism promotion.” (Avenue of Stars, n.d.).

Therefore, in light of the many changes that impacted the Hong Kong film industry post handover, it is clear that Hong Kong cinema is regarded by the government as a powerful marketing tool which also stimulates tourism.

The question remains, is China a solution for the sustainable development of the Hong Kong film industry? According to Lee (2017), a principal economist from Global Research, “Hong Kong acts as the hub of buying and selling Chinese mainland films and TV dramas through FILMART and it is increasingly seen as a remarkable platform to explore co-production in Asian. In 2016, there were over 200 Chinese exhibitors at FILMART” (Lee, 2017).

As a Special Administrative Region of the People’s Republic of China, the city, and of course its film industry, undoubtedly changed after the handover. Its impact has been as hard-hitting as some had predicted. The Chinese government has enforced censorship over films from Hong Kong. Co-production means they have to hand in their scripts to the mainland’s government (Chow, 2017). According to Tierney (2017), there are many significant changes in storylines. “Sex and violence are not the only things prohibited in China film. Vampires, ghosts, gambling, prostitutes, bad cops, good criminals, and corrupt government officials are also not allowed. So, there’s a brisk 90 percent of classic Hong Kong cinema storylines off the table (Tierney, 2017).

The Hong Kong film industry has been changing a great deal. Chan et al (2010) have examined the risk factor of co-producing with China: “At first glance, the liberalization measures granted under the CEPA do indeed offer Hong Kong a favorable position to tap into the China film market, whether in production, distribution, or exhibition. However, as has been pointed out earlier, the Chinese authorities are still holding on to the last and perhaps most important restriction, that of censorship”(Chan et al.,2010:75). Even though the content of films have changed for last 20 years, the transition has brought many positive aspects to its industry.

## 5. Conclusion

As detailed throughout this paper, it is apparent and not at all surprising that the handover has had an immense impact on the Hong Kong film industry. Chu sums it up well when he says that “the Hong Kong film industry was also a forum for the construction of Hong Kong’s nationhood” when it was reunited with the mainland in 1997 after 155 years of British colonial rule (Chu, 2003:51).

Film is a great reflector of the changes in society. When Hong Kong was informed about

the handover, many people began to feel a sense of loss and anxiety for the future under the Chinese Communist Party. While many 'New Wave' directors succeeded in producing nostalgic films about the old colonial Hong Kong, simultaneously, many filmmakers migrated to the U.S anxious of the changes that would impact Hong Kong and ultimately the film industry. In addition, amidst the many socio-political changes, China did not enforce its strict censorship system upon the Hong Kong film industry but allowed the films to be categorised under Hong Kong's own independent system. However, in turn, the industry also changed its policies in order to distribute the films in the mainland to boost revenues.

Co-production with China inevitably increased since the implementation of the CEPA. According to the 23<sup>rd</sup> Hong Kong International Film Awards presentation ceremony's book, the arrangement has also strengthened ties between Hong Kong and the mainland's film industries. It reads: "Last year, the Hong Kong SAR government's announcement of the mainland and Hong Kong Closer Economic Partnership Arrangement has had a positive impact on our local film industry. Although major film companies have yet to make radical moves in response to the new working environment, since Hong Kong productions now enjoy the equal distribution status with mainland films, the future scope for market expansion is enourmous" (*The Official Guide book to the 23<sup>rd</sup> Hong Kong Film Awards Presentation Ceremony*, 2003:155).

For now, the success and popularity of Hong Kong cinema looks set to increase, with directors and actors such as John Woo and Jackie Chan now household names in the West as well as in East. With China's current economic boom, the Hong Kong film industry will continue to receive the funding it needs, even if it means erasing elements of Hong Kong culture, and the world will undoubtedly see more Hong Kong actors cross over into the Western market for years to come. Whether the film industry maintains its success at the end of the 'one country, two systems' policy is something that remains to be seen.

Even though many people in Hong Kong have negative feelings toward the Chinese regime, the handover indeed brought opportunities for the Hong Kong film industry. In the post-colonial era, the industry has been co-producing films with mainland china to sustain their competitiveness and business leadership. China, the most populous country in the world, has shown remarkable development in the last decade. It is safe to say that Hong Kong film and its industry have been changing for last 20 years, but its sustainability should be guaranteed by co- producing films with mainland China.

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